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ZALL Development

Zall Development Group Ltd.

卓爾發展集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2098)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of Zall Development Group Ltd. (the “**Company**”) dated 6 August 2015 in respect of the subscription (the “**Subscription**”) of a total of 53,448,000 new shares of the Company by Dr. Gang Yu as the subscriber (the “**Subscription Announcement**”) and the announcement of the Company dated 17 August 2015 in respect of, among others, the appointment (the “**Appointment**”) of Dr. Gang Yu as an executive Director and co-chairman of the Company (the “**Appointment Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Subscription Announcement and Appointment Announcement.

The Company would like to provide certain background information in relation to the Subscription and the Appointment.

As disclosed in the Subscription Announcement, Dr. Yu as a subscriber subscribed for a total of 53,448,000 new shares of the Company at the subscription price of HK\$2.90 per Subscription Share. The possibility of Dr. Yu’s investment in the Company was first discussed between Dr. Yu and Mr. Yan Zhi, an executive Director and co-chairman of the Company, on 21 July 2015. The Subscription was approved by the Board on 6 August 2015 and the Subscription Agreement was entered into on the same day. The idea of the Appointment was first suggested by Mr. Yan Zhi on 8 August 2015 and was only finalised and approved by the Board at a board meeting after 4 p.m. on 17 August 2015. The Subscription Shares were issued and allotted to Dr. Yu in the morning on 17 August 2015, and at that time the Appointment was not yet approved by the Board and Dr. Yu was then an Independent Third Party.

The Company would like to highlight that the conditions to the Subscription have been fully disclosed in the Subscription Announcement and the Appointment was not a condition to the Subscription. There is no agreement, or arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between Dr. Yu and the Company in relation to the Subscription and the Appointment which was not disclosed in the Subscription Announcement and the Appointment Announcement, respectively.

Save for the additional information provided above, other information in the Subscription Announcement and Appointment Announcement remain unchanged.

By order of the Board
Zall Development Group Ltd.
Yan Zhi Gang Yu
Co-chairman Co-chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises Mr. Yan Zhi, Dr. Gang Yu, Mr. Cui Jinfeng and Ms. Wang Danli, as executive directors of the Company; Mr. Fu Gaochao, as non-executive director of the Company; Ms. Yang Qiongzhen, Mr. Cheung Ka Fai and Mr. Peng Chi, as independent non-executive directors of the Company.